

Standard & Poor's Global Rating Re-Affirms Brookhaven Town's AAA Financial Rating with a Stable Outlook

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Brookhaven Earns Higher Rating than U.S. Government; Town commended for very strong management, with strong financial policies and practices

Farmingville, NY – Supervisor Ed Romaine is pleased to report that S&P Global Ratings has re-affirmed their AAA Credit Rating and Stable Outlook on the Town of Brookhaven's General Obligation (GO) bonds. The AAA rating, the highest designation that the agency issues, signifies that Brookhaven's fiscal position has an "extremely strong capacity to meet financial commitments." A municipality's credit rating is an important and reliable indicator of its fiscal health determined by independent and objective fiscal monitors. A higher credit rating saves money on borrowings in the form of lower interest costs.

The AAA rating reflects the Town's participation in the very diverse economy and very strong access to broad and diverse employment opportunities. The outlook further reflects Brookhaven's very strong budgetary flexibility, liquidity and management and improving budgetary performance. As such, S&P does not expect the rating to change over our two-year outlook horizon.

"This is another victory for Brookhaven taxpayers," said Supervisor Romaine. "When I first took office, I made a commitment to work with every Town department to cut spending, run the government more efficiently and achieve financial stability. We will continue to establish new ways to grow our revenues and continue to maintain a structural balance and not use our surplus to pay bills or balance the budget. We've come a long way, but there's more we can do while still providing the services that our residents deserve."

Councilwoman Jane Bonner, who serves as the Town Board Liaison to Finance said, "Our conservative fiscal policies have proven to be successful once again with the re-affirmation of our AAA rating. I am happy to have played a role and I look forward to working together with every department to further improve our financial position."

Standard & Poor's identified the Town's strengths as:

- Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA) and a local stabilizing institutional influence;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2015 of 37% of operating expenditures, or \$42.9 million;
- Very strong liquidity, with total government available cash at 44.6% of total governmental fund expenditures and 2.4x governmental debt service, and access to external liquidity considered to be strong; and
- Strong institutional framework.

The ratings agency also commented that they view the Town's management as "very strong, with strong financial policies and practices under our Financial Management Assessment methodology, indicating financial practices are strong, well embedded, and likely sustainable."

The S&P report indicated that the highlights of the Town's policies and practices include:

- A well-defined five-year capital improvement plan (CIP) updated annually;
- Long-term financial forecasts formulated by management updated annually as part of the budget process;
- A debt management policy of maintaining debt service carrying charges at 15% or below of revenue or expenditures, whichever is less, of the budget; and a formal fund balance policy of maintaining a general fund balance of at least 20% of expenditures and adherence to the state's investment policy;
- The town's financial position continues to improve as evidenced by recent surpluses, reduced reliance on fund balance to bridge any structural imbalances, tighter cost control measures, and establishing new revenue streams;
- The Town's access to external liquidity is very strong having issued bonds and notes frequently over the past twenty years, with an adequate debt and contingent liability profile; and

- In January of 2014, the Town established a pension contribution reserve fund for revenue received from the sale of selected surplus town property and other revenues to offset ongoing pension contributions. In fiscal 2015, the Town paid off its retirement system debt with reserves in the fund; and ultimately reaping savings to the town.

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